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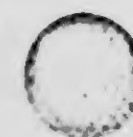
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AN ABSTRACT
OF
NEW JERSEY FINANCES
DURING THE AMERICAN
REVOLUTION

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By
Edward A. Fuhlbruegge

SUBMITTED IN PARTIAL FULFILLMENT
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Aug. 23, 1938 22, —

NEW JERSEY FINANCES DURING THE AMERICAN REVOLUTION*

The Beginning of the Revolution

BY EDWARD A. FUHLBRUEGGE, PH.D., UNIVERSITY OF NEWARK

IN 1775 there were approximately 130,000 people living in New Jersey. Agriculture was the main occupation, and wheat, corn, rye, buckwheat, barley, oats, flax, hemp, fruits, vegetables, and meat the chief products. Flour, grain, lumber, saltmeats, tar, turpentine, flaxseed (linseed) oil, furs, and pig and bar iron were the most important articles of export. Acquackanonk (now Passaic), Burlington, Elizabethtown, Greenwich, Mount Holly, Morristown, Newark, New Brunswick, Perth Amboy, Salem, Trenton, and Woodbridge were the main trading centers, none of them very large. New York and Philadelphia were the commercial centers for the province. There was practically no direct contact with England or the outside world. Food-stuffs and lumber were exported to the West Indies by way of New York and Philadelphia. Through these ports European goods were brought. From capitalists in these towns, New Jersey farmers and merchants borrowed heavily. This domination of New Jersey life by "foreigners" was highly resented.

The Revolution in New Jersey was supported by people from

*An address delivered before the Historical Forum at the New Jersey Historical Society April 20, 1937.

every walk of life. To the landless it offered greater participation in the government through the right to vote and the power to affect legislation. To the poor land holder it offered smaller taxes on land and taxes on capital, lower interest rates, "easy money," and curtailment of the power of the Proprietors and large land holders who controlled the Council and thus influenced legislation. To the merchant it offered freedom from the exploitation of New York and Philadelphia merchants and capitalists. To the wealthy, and there were such who supported the Revolution, it offered a better opportunity to control the local political setup and protect their interests. To the land-hungry it offered the expropriation of the thousands of acres of land belonging to those who opposed the Revolution. To debtors, large and small, it offered more liberal laws in their favor. To those who had suffered from the hands of the government it offered greater control of officials, including the troops. To those who opposed the growth of the Anglican Church, it offered the elimination of the ruling class, the chief support of that sect in New Jersey. Many of the rank and file swayed by public opinion, sometimes reinforced by physical violence, no doubt had vague, or at least non-crystallized ideas about the struggle but that was certainly not the case with the leaders. They knew what they wanted and hoped to get it. To them the eradication of British rule was a means to an end.

Practically every grievance apparent in New Jersey was based upon, or colored by, the financial situation. In the struggle between Governor Franklin and the Assembly, victory rested on the whole with the Assembly. It had successfully taken the stand that it alone could originate money-bills.¹ Just before the outbreak of the Revolution the British government had given its approval to a bill authorizing the issuance of £100,000 of Loan Office money.² The government would print this money and loan it out at five per cent. The interest would be more than sufficient to pay for the upkeep of the colonial government. Parliament refused its consent, however,

¹Edgar Jacob Fisher, *New Jersey as a Royal Province, 1738 to 1776*, 48.

²*Votes of the Assembly*, May 18, 1775, 20-21.

to a bill reducing the legal interest rate from seven to six per cent. The troops had been withdrawn at least partly because of the pressure brought by the Assembly against maintaining them.

The Assembly stated its position on taxation in a communication to the Governor, May 19, 1775, as follows:

"We cannot consent to subject the Property of our Constituents to be taken away for Services and Uses, of the Propriety of which we have no Right to judge, while to us are left only the Ways and Means of raising the Money."³

On the whole, taxes in New Jersey at the outbreak of the Revolution were not very heavy. They were levied to provide the costs of the provincial government, to redeem the paper money issued during the late war, and to meet local expenses. Taxes to support the government at no time exceeded £3,000 a year; those to redeem paper money amounted in 1775 to £15,000 annually; and local taxes were no larger than necessary to build roads and bridges, support the poor, and pay government officials. Thus the total sum to be raised by taxation was not very large. If properly distributed it was not too great for the colony to pay. Any tax, if placed upon those who cannot pay it, is too large. There were many in New Jersey who were so heavily in debt that for them at least any tax was too large. As far as the colony is concerned, it hardly seems conceivable that the tax burden was sufficiently onerous to produce a condition of revolution. Taxes were but one factor in the situation.

Even so taxes were fairly well collected up to 1775, especially in West Jersey. In that section practically all colonial taxes due in 1775 were paid by the end of 1776. In East Jersey the record was not so satisfactory. West Jersey had retired about all the paper money for which it was responsible. East Jersey's quota for 1771 was not retired until 1775. By 1776 it had failed to retire its quota to date by about £30,000. To help cover the expenses incurred by New Jersey during the French and Indian War, Parliament donated about £75,000.

³*New Jersey Archives*, Ser. 1, XVIII, 561.

This certainly helped ease the tax situation.⁴ During 1776 collections bogged down badly, which was due partly to the Association and partly to the invasion of the state by the British.

An analysis of the situation shows that in 1775 there was a culmination of financial discontent. During the French and Indian War, New Jersey had issued over £340,000 in bills of credit. These were being retired annually and so the amount of money in circulation was being reduced proportionately. In the meantime the amount of mortgages upon land in New Jersey was increasing rapidly. From 1766 to 1776 over four thousand mortgages were given for about £950,000.⁵ The amount of money required annually to pay the interest upon and retire the principal of loans was considerably greater than the total tax burden. The natural decline in trade following the end of the war was further aggravated by more or less constant difficulties with Great Britain from 1763 to 1775. The number of unfortunates who lost their land and languished in prison for debt was great. In addition to the fact that the amount of money in circulation was constantly being reduced, there is ample evidence to show that what remained was being concentrated in fewer hands. Much of it was drained out of the colony, especially to New York and Philadelphia.⁶ Crop failures⁷ and difficulties with the mother country helped produce in 1775 what was for New Jersey a major economic depression. This was a much greater cause for unrest than the burden of taxation.

Due to long and inefficient cultivation, the soil in New Jersey was being depleted. The returns per acre were getting smaller and though prices did not fall, the farmer was faced with a reduced income because of the low yields. Those who had to

⁴Accounts of the Treasurers are printed in *N. J. Archives*, Ser. 1, XVII, 399-403; XVIII, 57-62, 78-82, 208-209, 223-225, 320-321, 409-411, 494-496, 554-557; *Votes of the Assembly*, Sept. 28, 1776, 22-27. See also *Minutes of the Justices and Freeholders* of the various counties.

⁵County mortgage records are in the offices of the County Clerks.

⁶*Diary of Aaron Leaming*, Aug. and Sept., 1775.

⁷John Rutherford, "Commercial Projects in New Jersey During the Confederation" in *Proceedings*, N. J. Hist. Soc., Ser. 2, I, 178-179 (No. 1, 1867).

buy food stuffs found it increasingly difficult to get the money with which to pay for them. The Assembly, discussing the inability of the people to pay taxes maintained that the high price of wheat was due partly to lack of supply occasioned by crop failures and in consequence of the land "being much worn." Not more than one-fourth of the householders raised wheat to sell. The high price of provisions had reduced "large numbers" in the colony to "great Distress" and was "sensibly felt by many more."⁸

Antagonism to merchants who played a most important part in extending credit was frequently voiced in the pre-Revolutionary days. There was much hostility toward the relaxation of the non-importation agreements before all of the Townshend Acts were repealed.⁹ A letter from a number of Committees in Somerset County called upon citizens of Connecticut to help throw off the domination of New York by manufacturing their own goods. Pointedly they asked "shall we be humbug'd out of our Liberty and enslaved by a Sett of Traders?"¹⁰

From Hunterdon County it was said that two-thirds of the people of the province were in debt and knew not how to extricate themselves. There was no money; they were being sued and their goods sold for one-fourth to one-fifth part of their value.¹¹ Because the number of "idle Vagrants do daily increase, who infest the publick Highways, Cities and Towns" until they were a "publick Nuisance, and a dangerous Annoyance," a long and comprehensive act for the relief of the poor was passed in 1774. In 1775 the Committee of Safety observed that the highways "abound with strollers and vagabonds, and many servants have run away from their masters, and horse stealing and other robberies are becoming very frequent."¹²

The payment of taxes was accomplished with more difficulty

⁸*N. J. Archives*, Ser. 1, X, 252-253.

⁹*The New York Journal*; or, *The General Advertiser*, June 28, July 5, 1770; *The New York Gazette*, or, *The Weekly Post Boy*, Aug. 6, 1770; *Pennsylvania Chronicle*, Jan. 11-18, 1768.

¹⁰*The New York Journal*; or, *The General Advertiser*, Sept. 27, 1770.

¹¹*The New York Gazette*, or, *The Weekly Post Boy*, Mar. 5, 1770.

¹²*Minutes of the Provincial Congress*, 195.

as the Revolution approached and many who paid taxes had no voice in the government; many in the province were heavily in debt, no inconsiderable number of whom lost lands and other property and were imprisoned; the annual retirement of paper money not only decreased the amount of money in circulation but left a larger percentage of it in the hands of a few, especially since there was no tax on money at interest; trade was upset by commercial regulations and boycotts; though the interest burden was great and in many cases unbearable, no adequate relief was afforded by the British government; soil deterioration was curtailing the farmers' income—in short, New Jersey was in the throes of an economic depression. Boycotts, rioting, and lawlessness had achieved results before in forcing England to make concessions and might do so again. From such protests including the use of organized armed force, war developed. Thus the New Jersey farmers forced their creditors to choose sides in the struggle against the British government.

Bills of Credit

It was but natural for New Jersey to take advantage of the hostilities to issue its own paper money. Before the end of 1776 it had put into circulation £100,000 of Loan Office money which had been authorized by the English government. This money was borrowed from the colonial government by individuals and secured by mortgages. Fifty thousand pounds in bills of credit was issued after a loan had been refused by the Continental Congress. An additional £25,000 of Loan Office bills was issued in 1777. This was the extent of money issued by New Jersey up to 1780.

Because of the presence of the armies in or near New Jersey during so much of the war, a great deal of money was brought into the state. Its own issues, however, were not large. If all governments had been as conservative as New Jersey in issuing money, the financial history of the Revolution would have been far different. The Continental currency

soon began to depreciate and because New Jersey money was tied to it by law, difficulties soon arose. People refused to sell goods or increased the prices greatly. This led to regulation of prices and to forced sales which were sometimes paid for with certificates. Much dissatisfaction resulted. In the meantime, gold and silver had passed out of circulation.

As the war progressed, Congress was forced to issue increasingly large amounts of money. Taxation was not at all adequate. Neither were loans. It was understood that depreciation would result. There was no other way to finance the war and by the end of 1778 the Continental money had depreciated in New Jersey to 3 to 1. Depreciation was increased by widespread counterfeiting. Two issues of Continental bills totaling \$10,000,000 were called out of circulation because the British circulated counterfeits thereof so widely.

In 1779 there was a great deal of discussion of the money problem. There was general agreement that there was too much money in circulation for the needs of commerce. In addition such causes as "luxury and foppery"; "a want of virtue and patriotism"; "monstrous extortions"; extravagant prices paid by "those harpies" the quartermasters and the commissions paid them on all money spent; lack of laws regulating trade and manufacturing; forestalling by merchants "the bane of society"; and refusal to pay taxes were cited as causes for the monetary confusion.¹³ Too much money was fully as bad as not enough.

Remedies proposed for the depreciated currency varied as widely as the causes advanced. The suggestion was made in *The New-Jersey Journal*,¹⁴ that \$15,000,000 in new paper redeemable in three years in gold or silver be issued. Congress could get this specie by raising \$10,000,000 in taxes and borrowing \$5,000,000. The old paper should be redeemed at the rate of thirty to one for the new. Although this idea embodied the main points of the plan finally adopted, it did not receive material support.

Carried away by the delusion that the value of the paper

money could be restored, money doctors proceeded to prescribe. There was general agreement that taxes must be raised to meet current expenses and to retire at least some of the paper money. While this was being done, prices were to be regulated; laws against engrossing and speculating passed and rigidly enforced; and no more money was to be issued. A slight variation of this was to fix prices based on the existing relationship between the amount of goods and money in circulation and hold those prices there with strict enforcement. Regulation of trade to encourage exports was urged to bring money into the state. Moral reform and a return to the good old virtues; obedience to the Legislature and confidence in its leadership; enforcement of the law to stop widespread counterfeiting; and taxes on the money itself, were all suggested.

Attacks upon the quartermasters and commissaries for their part in depreciating the currency were very general. These officers were paid a commission and the more money they spent the more they received as compensation. Their wide use of certificates especially when the bills of credit declined helped raise prices and disgusted the people. These certificates were not redeemed promptly and were not receivable for taxes until 1780. "It has been often said that the quartermaster's department is very lucrative; that they will return to citizenship with the fortunes of Nabobs or Sultans." These buyers should get "handsome salaries" but no commissions.¹⁵

In 1779, New Jersey called its own bills of credit out of circulation. At the same time Loan Office money was being retired. An attempt to stimulate confidence in the Continental money resulted in a law making all bills issued by Congress legal tender at face value. An offer of the money was sufficient to cancel debt. All this was to no avail and in 1780, Congress determined to withdraw its money and recommended to the states that they issue new money. The old Continental money was either turned in or continued to depreciate. Finally it became practically worthless.

¹³See *The New-Jersey Journal* and the *New Jersey Gazette*.

¹⁴Dec. 14, 1779.

¹⁵*N. J. Gazette*, May 26, 1779.

The new bills soon started to decline and in November, 1780, all connection between them and the old bills was severed. This did not stop the depreciation. They were at 5 to 1 for specie in July 1781; after that they rose in value and from September they fluctuated from 3 to 2 for 1. In June, 1783, they were at 2½.¹⁶

In 1779 and 1780 specie was more generally used due to the decline of the paper money and to the fact that there was more of it available. Trade, especially with the British and French, brought in large sums of hard money. In cases where the currency failed completely, it was easy to resort to barter.

Of the new bills, New Jersey issued \$336,000 of which \$130,000 was retired by June, 1782. In May, 1783, about \$170,000 remained in circulation. Of the Loan Office money, no more than about £28,000 was in circulation in 1783, and probably much less.¹⁷ The end of the war found a "scarcity of money" and many in debt.

Taxation

Taxes were not at all popular in New Jersey at the outbreak of the Revolution and practically no war taxes were levied before 1778. The only exception was a tax of £10,000 in 1775. This occasioned considerable discussion of the question of taxation and an attempt to shift the burden from land to money was partially successful. The agitation for the right to vote for all who paid taxes failed, though the Constitution of 1776 popularized the suffrage slightly. The sale of Loyalist lands to many purchasers and the depreciation of the currency made the vote available to more people than ever before in New Jersey.

Wholesale refusal to pay taxes was manifested early, especially in Sussex¹⁸ and Gloucester Counties.¹⁹ As has been previously indicated, tax collections were poor in 1776. They did not improve in 1777. By 1778 the necessity of taxes to estab-

¹⁶Receipts in *John Neilson Papers*.

¹⁷*Miscellaneous Accounts, Revolutionary War*, No. 1, 35-60.

¹⁸*Min. of the Prov. Cong.*, 333-334.

¹⁹*Ibid.*, 203.

lish the credit of the paper money was apparent and a program of taxation on a large scale was launched. Tax on money was a serious bone of contention and was widely debated. One writer opposed the idea because bonds and mortgages were no part of the wealth of the state. Anyway they were kept secret and some would refuse to disclose theirs. Men would have to be examined on oath as to their bonds and they "can hardly swear the truth between neighbor and neighbor . . . much less would they be likely to do it between themselves and the publick: and such frequent and general swearing, would naturally render an oath more and more familiar, and, in proportion, diminish the force of the obligation." The measure was too much of an innovation. "It is not sufficient that you lay no greater burden upon a man than he has been accustomed to bear: You must lay it upon the very same shoulder . . . otherwise he will feel himself uneasy, and perhaps give you trouble." The proposed tax was unjust because many depended upon interest for support and the depreciation of the paper money worked such hardships upon them that they did not know how to get "bread to eat, and cloaths to wear." The tax was popular, but so would a law for the general distribution of wealth be popular too. This would be "levelling." If interest were too high it ought to be lowered. "But let it never be said, that New Jersey has a law for peeping into old womens drawers and caskets, to discover the frivolous amount of their bonds and bills."²⁰

In this first real tax bill, money at interest was valued at 1/30 of the principal and taxed at the rate of 2s. in the pound value. All householders, the tax of whose ratable estate exclusive of certainties did not amount to 20s. were to be rated not under 5s. nor over £5. A fixed sum was laid on merchants, ferries, single men, single men with horses, male slaves, riding chairs, curricles, phaetons, coaches and wagons on springs. A rate of 2s. in the estimated pound value of estates was laid. Horned cattle were valued at 15s., horses at 20s., hogs at 2s., improved lands at 1/20 part, and unimproved lands

²⁰N. J. Gazette, Feb. 25, 1778.

at 1/30 part of their saleable value, all money owed to New Jersey inhabitants except that loaned to the United States, at 1/30 part of the principal. The tax was not apportioned by counties because some of them had suffered more severely than others from the war. Discrimination between money owed New Jersey investors and that owed outside the state is not understandable. Land owned by people outside the state was taxed.²¹ In 1778 and 1779 nearly £70,000 was collected on this tax.²²

In December, 1778, an act was passed to raise £100,000. This act broadened the tax base considerably. It added to the items of the previous bill, a tax on sawmills, gristmills, fulling mills, forges, furnaces, rolling and slitting mills, stills, brew-houses, taverns, tanyards, vessels, and indentured servants. Industrial and other activity due largely to war conditions produced new sources of wealth which helped to provide some relief to the owners of land.

Governor Livingston believed the amount of this tax very inadequate because the people were reconciled to larger taxes and he could not understand the "unaccountable timidity" on the part of the Legislature. He wanted as much of the cost of the war paid at once as possible to forestall migration out of the state at the end of the war.²³

The very rapid decline in the value of paper money resulted in a clamour for price regulation, adequate taxation, and a return to the ways of God. That the situation was extremely uncertain cannot be denied. In the course of a few years there had been a tremendous shifting of wealth, and the growth of a class of *nouveaux riches* excited the envy of the less fortunate and the hatred of those previously wealthy. In the rapidly shifting scene many believed they saw the dissolution of the social order. Not only had the past been upsetting, but the uncertainty of the future threatened to be even worse. Cer-

²¹Session Laws, 1776-1782, V, 184-191.

²²Votes of the Assembly, Oct. 6, 1778, 188-197; Nov. 22, 1779, 32-43.

²³Letters of Governor Livingston to Nathaniel Scudder, Dec. 9, 1778. Livingston Papers, 1778.

tainty and stability gave way to confusion with chaos just around the corner.

In June, 1779, a tax of £1,000,000 was voted. The tax base remained the same except that a tax on quartermasters and commissaries was added and the exception on money loaned to the United States was removed. In this year more than £690,000 was brought into the Treasury but more than one-half of it came from the sale of Loyalist lands. In December of this year £3,375,000 was voted payable in two installments—April 1 and July 10, 1780. The constant decline in the value of the money made it utterly impossible to estimate the amount needed to buy supplies. This led Congress to ask the states for taxes in kind. However, difficulties of transportation and lack of adequate storage facilities rendered this very unsatisfactory. As soon as the money was put upon a more stable basis this method of supplying the army was used less frequently and finally abandoned.

The special circumstances of New Jersey which made difficult the collection of taxes in money or in kind were set forth in a resolution of the Legislature to Congress in March, 1780. Since the enemy held New York during most of the war, a large part of the activities of the people of the state had been employed in militia service and in the transporting of army supplies. For the last two years almost all of the surplus of produce and manufacture, beyond the absolute necessities of the population, had been purchased and taken for the use of the United States. Certificates had been given for most of this. There had been many military operations in New Jersey and since it was not well provided for in supplies these had to be sought elsewhere, draining the state of coin of which there was not enough in circulation. The people were protesting against heavy taxation so the Legislature asked Congress to take speedy and effectual measures to discharge the debts due to the inhabitants of New Jersey so these could pay their taxes. The Assembly passed this resolution unanimously.²⁴ In June,

²⁴*Votes of the Assembly*, Mar. 16, 1780, 162.

1780, New Jersey made certificates receivable for certain taxes and in the next two years nearly £2,000,000 in certificates was brought into the Treasury.

In 1780 Congress determined to call out of circulation the Continental money and replace it with new money. New Jersey asked for a tax of £3,750,000 in Continental money, new bills, or specie at forty to one. This tax was primarily to call the old bills out of circulation. New money was to be issued no faster than the old was retired. In this year nearly £3,250,000 in Continental bills was collected.

In June, 1781, New Jersey voted a tax of £150,000 in money and supplies. By this act there were added to articles taxed, household clocks, gold and silver watches, silver plate, stamping mills, and covering horses. The tax on money at interest and indentured servants was omitted. The tax was payable in bills of the new emission, certain certificates, or produce at prices stated in the bill. Either the confidence in the money was not sufficient or it was very difficult to get out soldiers—at any rate a tax in gold and silver was voted to pay bounty and subsistence for 450 men. Taxes totaling about £350,000 were ordered raised during the remainder of the war.

The collection of taxes was accompanied by many difficulties, not all of them arising out of unwillingness to pay on the part of those taxed. Many owners of property could not be found. At times parts of the state were held by the enemy and there was always danger that raids would be staged to interfere and intimidate. It was necessary to provide remedies for the failure of justices, assessors, collectors, and constables to perform their duties. Guards were ordered out to protect collectors. Parts of the state were badly ravaged by war and had no money or supplies. New Jersey was handicapped by the presence of many Tories who by word and example hampered tax collection.

The very abundance of money made taxes unnecessary at the beginning of the war. Depreciation was a tax and was recognized as such. Furthermore it was a good tax in that it fell upon all—most heavily upon the owners of cash and debts,

for whom there was little sympathy. However, early in 1778 the need for taxes to stop the rapid depreciation of money was realized and the first war-tax was enacted payable in August of that year. This was followed by larger taxes as time went on. However, in 1779 only one-third of the income of the state came from taxation. On the whole the record of tax payments was good. The trouble was rather that not enough taxes were voted. It should be pointed out that it was impossible for New Jersey to vote a sufficient amount of taxes to stop depreciation of the Continental money to which New Jersey money was tied by the law making Continental money legal tender at face value. That could be done only by the concerted effort of all the states. No effect at all on the value of money could be made by the financial policy of any one state. Making heroic efforts to stop the decline in the value of the money when other states failed to do likewise would have impoverished the state to no avail.

After 1780 New Jersey was responsible for its own money. It levied taxes to support this money and its record is excellent. Of taxes amounting to £80,000 payable in specie only, less than one-fifth was not paid by the end of 1783; of taxes amounting to over £250,000 payable in specie and other money, one-eighth was not paid. Sussex and Burlington Counties had the poorest records. On taxes levied in the last two years of the war, Sussex paid practically nothing. The best records were made by Bergen, Cape May, Salem, Gloucester, and Somerset Counties. In December, 1783, Bergen County was practically paid in full. Naturally this was reflected in the money. In July, 1781, New Jersey paper was at five to one for specie; in June, 1783, at two and one-half to one.

It is possible to figure the amount of money that New Jersey collected in the form of taxes and the revenue that came to the Treasury from other sources. There is nothing to be gained from this, however, as it does not show much of anything. The amount of depreciation at any given time could be estimated fairly accurately but there is no way of knowing, within the year, when money was received or spent. Therefore, any

estimate of the cost of the war in terms of specie or goods would be meaningless.

Prices and Their Regulation

Distrust of the merchants was the cause of the beginning of price regulation. The Association brought about a scarcity of goods and early in 1775 local committees began to set maximum prices. There was objection to this and forced sales were necessary to provide for the army.

The need for regulation on a large scale was soon apparent. The rise in prices was probably greater in New Jersey than in any of the other states. Late in 1776 and early in 1777 Continental money was not accepted at any discount by many. In March and April, 1777, delegates from New Jersey, New York, Pennsylvania, Delaware, Maryland, and Virginia met at York Town, Pennsylvania to discuss the regulating of prices. Due to the great differences of opinion the convention dissolved after ordering copies of the proceedings sent to the legislatures of the states which had participated, and to the Continental Congress.

Continually rising prices led to the act of December, 1777, regulating wages, and prices of produce and articles of manufacture. No maximum prices were set on imported articles but importers had to show before a justice, the cost of goods. Fixed profits were allowed and prices for the goods were set by the officer. Farm laborers, mechanics, and handicraftsmen were allowed double the wages current in 1775.

The New Haven Convention, to which delegates from New England and the Middle States came, urged a uniform regulation of prices. Acting on this recommendation, New Jersey passed a new law but prices were not very different from those in the previous law. There was considerable violation of both laws. Because there was not sufficient cooperation from the other states, New Jersey in June, 1778, suspended the operation of the law until December, 1779, when a new set of prices was established. While the law was suspended county regulation was attempted. Early in 1780, New Jersey suspended

the operation of the law of 1779. After the new money was put into circulation and war demands diminished, the need for regulation no longer existed.

Though a number of attempts at price regulation were made, such regulation was in force only for short periods of time, and for no great total length of time. The first regulation by local committees, at best only spasmodic, was ended by the middle of 1776. Actual regulation by the state government was in effect about six months. There was some regulation by counties in 1779. It was found impossible to put price regulation into operation without worse results than the conditions that were to be remedied. It was war time when supplies had to be obtained at any cost. The value of paper money changed very rapidly. If the prices established by law were not high enough people refused to sell. Conditions in New Jersey were especially troublesome because of the needs of the army which was in or near the state for so much of the war. Sometimes the French made difficulties. Lowry informed Morris that his purchase of flour was stopped because French buyers offered so much more for it than he could give.²⁵ Also there was the fear that if New Jersey regulated prices other states would not, which would react unfavorably to New Jersey. In such a simple economy as that in practice in Revolutionary New Jersey, an easy resort to barter tended to nullify many of the efforts toward regulation. Irrespective of the merits of price regulation in general, the fact remains that New Jersey was unable to successfully control prices. This may have been due as much to special conditions as to any fundamental weakness of the proposal. On the other hand, it cannot be argued that non-regulation was a success either. The need for regulation was the direct result of the inadequacy of the existing price system. Regulation was tried only after the failure of non-regulation. The fact is that the financial machinery broke down completely. In the emergency the price system collapsed. Forced purchases by government and barter bridged the gap between the collapse

²⁵*Diary of Robert Morris in the office of Finance*, I, Aug. 29, 1781.

of the Continental bills of credit and the establishment of a new currency.

Revolutionary Trade

The Association adopted by the Continental Congress was ratified unanimously by the New Jersey Assembly. County and local committees were formed to enforce it. Difficulties immediately arose because it was easy to slip out of one of the many New Jersey inlets and head for Boston or New York. High prices and British gold proved too great an incentive to resist. Monmouth County was the worst offender in the first years of the war. It was necessary to order a number of companies of militia to stop this trade. At times laws were enacted completely prohibiting the export of provisions because somehow or other they fell into enemy hands. A "constant communication and commercial intercourse" was kept up between Essex County and the British who supplied these traders with counterfeit money which was then circulated in New Jersey.²⁶

In 1777 and 1778 violations of the laws increased. At one time, twenty-three persons who had confessed their guilt were committed to the Burlington County jail. Possession of English gold was deemed sufficient evidence of complicity in this trade. The South Jersey shore abounded with smugglers. Every artifice for evading the law was essayed. Livingston asked for stricter enforcement and characterized those engaged in the trade as

"instigated by the most boundless avarice, and equally regardless of the blessings of peace and the calamities of war, the felicity of freedom and the horrors of bondage, still persist in the traitorous practice of enabling the enemy, by supplying them with provisions, and especially with flour and grain, to continue their savage depredations. . . ."²⁷

²⁶Letter of Livingston to Washington, Aug. 15, 1777. *The Writings of George Washington*, W. C. Ford, editor, VI, 61-62 footnote.

²⁷*N. J. Gazette*, Aug. 26, 1778.

It was quite impossible to station enough troops in Shrewsbury to stop this villainous traffic. Half of Bergen County "constantly traded with and supplied" the enemy.

It was reported²⁸ and probably correctly, that some of the authorities winked at this trade. It was a means of bringing hard money into the state. Those of Loyalist leanings would naturally not be averse to permitting, encouraging, or engaging in such lucrative ventures. Spies for Washington took provisions into the enemy lines and brought back goods in order to get information for him.

At times extremely heavy penalties were enacted but to no avail. In 1778 persons caught entering enemy lines illegally were subject to a fine of £200 for the first offense and death for the second. In some cases death "without Benefit of Clergy" was deemed a fitting punishment. In spite of this, the illicit trade continued and the Legislature responded with the law of December 22, 1780. Any one going into the enemy lines without a license, or carrying any goods to the enemy if convicted could be ordered by the court to remove to any part of state, (in case of refusal to go, or return without permission the individual was to be pilloried, cropped and jailed for the duration of the war) or to be whipped, cropped, pilloried or jailed, or if an able-bodied male made to serve on board a vessel of war for the rest of the war. Habeas corpus was suspended in these cases. Trial was by jury of twelve. The burden of proof was upon the defendant. Goods seized were to be disposed of at a public sale. Convicted persons were disenfranchised and rendered incapable of holding any office; forfeited all estate, real and personal; and they could never bring an action at law or suit in equity against any subject of New Jersey. Every commissioned officer having command of militia or other troops in the state near the enemy lines had to take oath not to allow trade with the enemy. All water craft of any kind were ordered collected in safe places and removable only upon permission in writing from the officer in

²⁸Letter of Major Howell to Stirling. *Unclassified Mss.*, N. J. Hist. Soc.

charge stating the use that was to be made of the vessel and the time allowed.²⁹

Citizens organized themselves into groups to assist the authorities, but as the end of the war approached the trade increased. To take money out of the state by this trade was bad enough, but the demoralizing effect of the goods brought in was even worse—"goods of those kinds which are not only useless, but ruinous. . . . It is computed that not less than forty or fifty thousand pounds have gone in a few weeks. . . . we are to be subdued by British gewgaws." The trade grew rapidly. Sham seizures and condemnations spread the cover of the law over it. "Break up this trade root and branch, or it will break you up."³⁰ The trade was "destroying that simplicity of manners which is the glory of a republican government. We see it poisoning the principles and morals of the community."³¹ It was this same trade that before the war had been respectable and most desirable.

Naturally it has been easier to find evidence of illegal trade than of that legitimate commerce which despite many vicissitudes was carried on during the war. As a matter of fact, it is not always clear how the goods offered for sale were obtained. The merchandise, smuggled into the state, was eventually sold in the open market. When people are eager to get things they do not ask embarrassing questions. There is not the slightest doubt that during most of the war foreign products, brought in legally or otherwise, were available in New Jersey and at certain times in great abundance. The statement that "generally speaking during the war New Jersey had been deprived of foreign goods"³² is for the most of the war without foundation.

By 1778, articles from foreign countries were widely advertised and this continued for the rest of the war. No doubt goods were scarcer at some times than at others de-

²⁹*Session Laws*, 1776-1782, V, 529-537.

³⁰*N. J. Gazette*, June 26, 1782.

³¹*Ibid.*, July 17, 1782.

³²H. M. Clokie, "New Jersey and the Confederation" in *New Jersey, A History*, II, 539.

pending upon the activities of the British navy, and the season. Literally hundreds of different articles including luxuries of every kind are mentioned in advertisements that at times crowd the pages of the newspapers. Privateering was a favorite form of speculation and many prizes were brought to the convenient New Jersey ports. One prize contained 2,500 bushels of salt, a quantity of flour, bottled beer, porter, cider and nails to the value of £20,000, after the most valuable part of her cargo consisting of china, Queen's and stone ware, glass, sheeting, oznaburghs, blankets, loaf sugar and sundry other articles had been removed.³³ In May, 1779, Van Emburgh wrote that this was the busy season for the shore people "dividing & determining" their shares in prizes.³⁴ *A True Patriot* lamented the "thousands of pernicious superfluities daily imported, . . ."³⁵

It is impossible to arrive at even an estimate of local trade. This was handicapped at times by the fluctuations of the money, and price regulations. But the armies had to be fed and supplied, so there was a ready market for all New Jersey produced most of the time. More specie was brought into the state through trade during the later years of the war than had ever been there before.

Manufacturing and Industry

The iron industry was very much affected by the war. Fortunately it was relatively easy to expand this work. Forges, furnaces, and mills were already in existence. Ore was plentiful. Only labor was scarce and this was partially remedied by granting it exemption from militia duty. Much work for the government was carried on at Hibernia, Mount Hope, Mount Holly, Boonton, Atsion, Batsto, Taunton, Oxford, Andover, Sharpsborough, the Ringwood Works,

³³Letter of Van Emburgh to John Neilson, Aug. 14, 1778. *John Neilson Papers*.

³⁴*Ibid.*, May 20, 1779.

³⁵*N. J. Gazette*, Apr. 25, 1781.

the Union Iron Works, Speedwell (Burlington County) and New Mills. In Morris County at least forty-five forges were in operation. Washington estimated that there were eighty to one hundred iron works in the County.³⁶ The industry was also stimulated by the demands of the salt manufacturers.

There was a great need for salt to preserve meat and fish. As soon as war broke out manufacture on the Jersey shore began. Numerous plants were built and much salt must have been made. The area was particularly open to attacks by the British and several such were made. Labor was hard to get and "Shoals of Musketoes" hampered the work. In spite of this, large profits were made by the owners.

A powder mill was built near Morristown by Colonel Ford, and one may have been completed near Elizabethtown. There is no evidence concerning the amount of powder manufactured in New Jersey; consequently absurd claims by local historians must be discounted. A bounty was offered for saltpetre manufactured in the state.

New Jersey was in a good position to supply much leather and leatherwork to the army. Even before the Revolution Essex County was an important center for leather manufacture. There were about 300 tanyards in operation in the state at one time or another during the war.³⁷ Hat-making was widely carried on.

Many gristmills and sawmills were scattered all over New Jersey. In Monmouth County there were 34 gristmills and 42 sawmills.³⁸ Millers and coopers supplying the army were occasionally exempt from militia duty.

Wool and flax were produced in large quantities especially in North Jersey. Bounties were offered in 1778. Nine out of ten members of the Legislature were clothed in homespun made in their own homes. Some cloth was made for

³⁶Letter of Washington to Richard Henry Lee, Apr. 24, 1777. *The Writings of George Washington*, Jared Sparks, editor, IV, 397.

³⁷*List of Ratables*.

³⁸*Ibid.*

sale but "not very much."²⁹ There were about 40 fulling mills in the state. Other manufacturing was on a small scale and included the production of liquors, beer, cider, glass, pottery and paper.

The End of the Revolution

When due allowance is made, the period of the war was one of considerable prosperity. Money was easy, there was a brisk demand for goods including many luxuries—a demand which was fulfilled to a considerable degree. There was a constant labor shortage in spite of the increase of population and wages were high. The war left its scars. A number of farms were devastated, all kinds of buildings burned and damaged, money, cattle, forage, crops, merchandise and valuables stolen. Public and private morals were in a low state. There was much profiteering, vice, drunkenness profanity and extravagance.

The most important of the permanent changes was the winning of independence and the more democratic control of the new government. This would naturally be utilized to effect economic changes. There was little change in the institutional life of the people. They were confronted with the same problems as before. If anything, making a living was going to be more difficult than ever, at least for some. It is true that the ownership of land was now widely distributed but property had been destroyed, debts remained to be paid, and the soil was more worn than before. The new land in the West would prove a great attraction. New Jersey was still faced with the problem of evenly dividing wealth and then making such division permanent, a problem that yet confronts the American people.

²⁹The Works of John Witherspoon, IX, 205.

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